Baruch College MGT 3121

Zicklin School of Business Fall 2016

Department of Management

**SERVICE OPERATIONS MANAGEMENT**

**CHAPTERS 1 & 2 (The Service Economy & Service Strategy)**

**Using Fitzsimmons and Fitzsimmons Text 8th ed**

1. (One Point) Division of labor was the hallmark of the industrial society. (T or F)
2. (One Point) Impersonal bureaucratic and hierarchical organizations that treated people like things flourished in the pre-industrial society. (T or F)
3. (One Point) The decrease in the proportion of income spent on the basic necessities of life has encouraged the demand for more services and accelerated the transition to post-industrial society. (T or F)
4. (One Point) The fall in employment in the agricultural sector is the primary reason for the increase in service sector employment. (T or F)
5. (One Point) Services are deeds, processes, and performances. (T or F)
6. (One Point) The consumer participates in the service process, which is not the case in manufacturing. (T or F)
7. (One Point) The classification of service systems using the "service process matrix" is based on two considerations: degree of labor intensity, and the degree of service customization. (T or F)
8. (One Point) The main difficulty with services is that the product is intangible, and in many cases it is not even identifiable as any one particular aspect of the service package. (T or F)
9. (One Point) In contrast to manufacturing, the aesthetics of the environment play a major role in the customer's perception of the service. (T or F)
10. (One Point) Services are time-perishable. An opportunity to provide a service, if forgone, is lost forever.

(T or F)

1. (One Point) From a marketing perspective, services, unlike goods, involve transfer of ownership. (T or F)
2. (One Point) In services, opportunities for quality control intervention are decreased due to simultaneous production and consumption. (T or F)
3. (One Point) Marketing helps smooth demand to match capacity in service operations. (T or F)
4. (One Point) A characteristic of the overall cost leadership strategy is the incurring of start up losses to build market share. (T or F)
5. (One Point) On-line networks between suppliers and their customers create a barrier to entry. (T or F)
6. (One Point) When pursuing a differentiation strategy, a service firm should work to ensure that the service being offered is standardized. (T or F)
7. (One Point) The use of micromarketing does not have the potential to create customer concerns about invasion of privacy. (T or F)
8. (One Point) Implementing a low-cost strategy can sometimes revolutionize an industry. (T or F)
9. (One Point) A cost leadership strategy often involves customizing a standard service. (T or F)
10. (One Point) American Airlines' early development of the SABRE reservation system became the foundation for its yield management innovation. (T or F)
11. (Ten Points) **Productivity Problem** Various financial data for SunPath Manufacturing for 2014 & 2015 follows: Calculate your answers two digits past the decimal point.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 2014 | 2015 |
| Output: | Sales | $300,000 | $340,000 |
| Inputs: | Labor | $40,000 | $43,000 |
|  | Raw Materials: | $45,000 | $54,000 |
|  | Energy: | $10,000 | $11,000 |
|  | Capital Employed: | $250,000 | $286,000 |
|  | Other | $2,000 | $2,200 |
|  | Total Inputs | $347,000 | $396,200 |

a. What is the **total** productivity factor or 2014?

b. What is the **total** productivity factor for 2015?

c. What is the **change in the value** of total productivity factor from 2014 to 2015?

d. What is the **percent change** in total productivity factor?

e. Fill in the below chart for **partial productivity factors**?

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Resource** | **For 2014** | | | | | **For 2015** | | | | | **Change** | **Percent Change** |
| **Labor** |  | **÷** |  | **=** |  |  | **÷** |  | **=** |  |  |  |
| **Raw Materials** |  | **÷** |  | **=** |  |  | **÷** |  | **=** |  |  |  |
| **Energy** |  | **÷** |  | **=** |  |  | **÷** |  | **=** |  |  |  |
| **Capital Employed** |  | **÷** |  | **=** |  |  | **÷** |  | **=** |  |  |  |
| **Other** |  | **÷** |  | **=** |  |  | **÷** |  | **=** |  |  |  |